

**PART I – THE SCHEDULE**

**SECTION B**

**SUPPLIES OR SERVICES AND PRICES/COSTS**

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## B.1 TYPE OF CONTRACT

This is a performance-based cost-plus-award-fee contract for the Portsmouth Decontamination and Decommissioning (D&D) Project at the Portsmouth Gaseous Diffusion Plant near Piketon, Ohio. The contractor has the responsibility for determining the specific methods and approaches for accomplishing the identified work. This contract applies performance-based contracting approaches and expects the contractor to implement techniques that emphasize safe, efficient, and measurable results.

## B.2 SERVICES BEING ACQUIRED

- (a) The contractor shall, in accordance with the terms of this contract, provide the personnel, materials, supplies, and services and do all things necessary for, or incident to, providing its best efforts to perform all requirements of this contract.

## B.3 ESTIMATED COST, BASE FEE, AND AWARD FEE

- (a) Contract Transition

Estimated Cost \$ \_\_\_\_\_

No fee is payable for the contract transition period.

- (b) Base Period

Estimated Cost \$ \_\_\_\_\_

Base Fee \$ \_\_\_\_\_

Total Available Award Fee \$ \_\_\_\_\_

Total Estimated Cost  
(Contract Transition and Base Period) \$ \_\_\_\_\_

Base Fee \$ \_\_\_\_\_

Total Available Award Fee \$ \_\_\_\_\_

Total Price \$ \_\_\_\_\_

- (c) Option for Additional Services - The Government may require the contractor to provide services in accordance with Performance Work Statement (PWS) C.2.5.4.2 (OSWDF Construction Option).

OSWDF Construction Option

Total Estimated Cost \$ \_\_\_\_\_

Base Fee \$ \_\_\_\_\_

Total Available Award Fee \$ \_\_\_\_\_

Total Price \$ \_\_\_\_\_

#### B.4 OPTION PERIOD AND OPTION FOR ADDITIONAL SERVICES

(a) Option Period (5-year term)

Total Estimated Cost	\$ _____
Base Fee	\$ _____
Total Available Award Fee	\$ _____
Total Price	\$ _____

(b) OSWDF Construction Option

Total Estimated Cost	\$ _____
Base Fee	\$ _____
Total Available Award Fee	\$ _____
Total Price	\$ _____

(c) OSWDF Startup and Operations Option

Total Estimated Cost	\$ _____
Base Fee	\$ _____
Total Available Award Fee	\$ _____
Total Price	\$ _____

#### B.5 AWARD FEE

- (a) The total available award fee for the base and option periods can be earned through objective and/or subjective fee components. The performance measures for these components and available award fee for the periods are provided in the Section J Attachment entitled, Performance Evaluation and Measurement Plan (PEMP).
- (b) The Contracting Officer (CO) will prepare and issue the PEMP prior to the start of each fiscal year. The CO may provide draft performance measures for contractor review and input; however, the CO reserves unilateral discretion to issue the performance measures without contractor review.
- (c) The amount of earned award fee shall be unilaterally determined by the Fee Determining Official (FDO). This determination shall be based upon the FDO's evaluation of the contractor's performance, as measured against the performance measures set forth in the PEMP in Section J.
- (d) Upon the FDO's final determination of the earned award fee for each evaluation period, the contractor may invoice the fee amount. Any unearned award fee from each evaluation period will not be eligible to be earned in any future period(s).
- (e) DOE reserves unilateral discretion to modify the PEMP to allocate fee to the authorized work.

## **B.6 OBLIGATION OF FUNDS**

Pursuant to the clause in Section I, FAR 52.232-22 entitled "Limitation of Funds", total funds in the amount of \$ TBD have been allotted for obligation and are available for payment of services provided from the effective date of this contract through TBD .

## **B.7 ALLOWABILITY OF SUBCONTRACTOR FEE**

- (a) If the contractor is part of a teaming arrangement as described in FAR Subpart 9.6, Contractor Team Arrangements, the team shall share the total available fee of the contract with the other companies of the team in accordance with the teaming arrangement agreement. Separate additional subcontractor fee is not an allowable cost under this contract for individual team members, or for a subcontractor, supplier, or lower-tier subcontractor that is a wholly-owned, majority-owned, or affiliate of any team member.
- (b) The subcontractor fee restriction in paragraph (a) does not apply to members of the contractor's team that are: (1) small business(es); (2) Protégé firms as part of an approved Mentor-Protégé relationship under the Section H clause entitled, Mentor-Protégé Program; or (3) subcontractors under a competitively awarded firm-fixed price or firm-fixed unit price subcontract.

## **B.8 DOE AUTHORIZATION OF WORK**

The CO will authorize work as follows:

- (a) The contractor is authorized to conduct work in accordance with the approved Performance Measurement Baseline (PMB), subject to the limitations of the Section B clause entitled, Obligation of Funds.
- (b) The contractor's Contract Transition Plan shall include an initial Annual Work Plan that details the work activities to be performed. Until DOE approves the contractor's initial PMB, the Annual Work Plan will be used to authorize work.
- (c) After the PMB has been approved by DOE, the contractor shall work to the PMB. The contractor shall develop and maintain the PMB and the Budgeted Cost of Work Scheduled (BCWS) in accordance with Section C.2.7.2, entitled, Project Management. Work authorization shall be maintained and modified through the PMB Change Control Process. The BCWS for the near-term D&D project activities' baseline will be limited to the initial total contract award amount minus fee. As additional activities and facilities (scope) are deemed available for work authorization per Section C.2.7.1.3 entitled, Facility Transfer, the PMB Change Control Process shall be employed to authorize changes to the baseline taking into consideration the prioritization and sequencing of work. When required, the CO may make changes within the general scope of the contract in accordance with the "Changes" clause. The PMB Change Control Process will be utilized to adjust scope and schedule while maintaining a constant BCWS.
- (d) The contractor shall not be entitled to earn fee for work not authorized by the CO.

**B.9 ADVANCED UNDERSTANDING --- CHANGES TO CONTRACT COST AND CONTRACT FEE**

The total negotiated estimated cost and fees of this contract are based upon the best estimate of the magnitude of effort necessary to accomplish those functions described in this contract.

The contractor understands and agrees that the DOE provided costs are the Government's best estimate of what the actual costs will be and that there will be no adjustment in the fee(s) of the contract should the actual costs be different than these estimates.

It is recognized that the contractor will be performing in a dynamic environment where new facilities may be added and priorities may change.

The contractor understands and agrees that the addition of GDP facilities beyond Table C.1 and Bldg X-330 turned over to DOE and assigned to the contractor for surveillance and maintenance is not necessarily considered a change requiring an adjustment to the fee pools of the contract.

The contractor and Government will enter into good faith negotiations to adjust the contract's fee pools if the assignment of work within the scope of the Annual Work Plan increases or decreases by greater than 15% of the agreed-upon value for that year.

At any time during the performance of the contract the contractor proposes the decontamination and decommissioning of facilities over and above that agreed upon in the Annual Work Plan and within the agreed upon value, both parties agree to enter into good faith negotiations to adjust the fee pools of the contract.

**B.10 DEAR 970.5215-3, CONDITIONAL PAYMENT OF FEE, PROFIT, AND OTHER INCENTIVES – FACILITY MANAGEMENT CONTRACTS (ALTERNATE II) (JAN 2004)**

(a) General.

- (1) The payment of earned fee, fixed fee, profit, or share of cost savings under this contract is dependent upon:
  - (i) The contractor's or contractor employees' compliance with the terms and conditions of this contract relating to environment, safety and health (ES&H), which includes worker safety and health (WS&H), including performance under an approved Integrated Safety Management System (ISMS); and
  - (ii) The contractor's or contractor employees' compliance with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information.
- (2) The ES&H performance requirements of this contract are set forth in its ES&H terms and conditions, including the DOE approved contractor ISMS or similar document. Financial incentives for timely mission accomplishment or cost effectiveness shall never compromise or impede full and effective implementation of the ISMS and full ES&H compliance.

- (3) The performance requirements of this contract relating to the safeguarding of Restricted Data and other classified information are set forth in the clauses of this contract entitled, "Security" and "Laws, Regulations, and DOE Directives," as well as in other terms and conditions.
  - (4) If the contractor does not meet the performance requirements of this contract relating to ES&H or to the safeguarding of Restricted Data and other classified information during any performance evaluation period established under the contract pursuant to the clause of this contract entitled, "Total Available Fee: Base Fee Amount and Performance Fee Amount," otherwise earned fee, fixed fee, profit or share of cost savings may be unilaterally reduced by the contracting officer.
- (b) Reduction Amount.
- (1) The amount of earned fee, fixed fee, profit, or share of cost savings that may be unilaterally reduced will be determined by the severity of the performance failure pursuant to the degrees specified in paragraphs (c) and (d) of this clause.
  - (2) If a reduction of earned fee, fixed fee, profit, or share of cost savings is warranted, unless mitigating factors apply, such reduction shall not be less than 26% nor greater than 100% of the amount of earned fee, fixed fee, profit, or the contractor's share of cost savings for a first degree performance failure, not less than 11% nor greater than 25% for a second degree performance failure, and up to 10% for a third degree performance failure.
  - (3) In determining the amount of the reduction and the applicability of mitigating factors, the contracting officer must consider the contractor's overall performance in meeting the ES&H or security requirements of the contract. Such consideration must include performance against any site specific performance criteria/requirements that provide additional definition, guidance for the amount of reduction, or guidance for the applicability of mitigating factors. In all cases, the contracting officer must consider mitigating factors that may warrant a reduction below the applicable range (see 48 CFR 970.1504-1-2). The mitigating factors include, but are not limited to, the following ((v), (vi), (vii) and (viii) apply to ES&H only).
    - (i) Degree of control the contractor had over the event or incident.
    - (ii) Efforts the contractor had made to anticipate and mitigate the possibility of the event in advance.
    - (iii) Contractor self-identification and response to the event to mitigate impacts and recurrence.
    - (iv) General status (trend and absolute performance) of: ES&H and compliance in related areas; or of safeguarding Restricted Data and other classified information and compliance in related areas.

- (v) Contractor demonstration to the contracting officer's satisfaction that the principles of industrial ES&H standards are routinely practiced (e.g., Voluntary Protection Program, ISO 14000).
  - (vi) Event caused by "Good Samaritan" act by the contractor (e.g., offsite emergency response).
  - (vii) Contractor demonstration that a performance measurement system is routinely used to improve and maintain ES&H performance (including effective resource allocation) and to support DOE corporate decision-making (e.g., policy, ES&H programs).
  - (viii) Contractor demonstration that an Operating Experience and Feedback Program is functioning that demonstrably affects continuous improvement in ES&H by use of lessons-learned and best practices inter- and intra-DOE sites.
- (4)
- (i) The amount of fee, fixed fee, profit, or share of cost savings that is otherwise earned by a contractor during an evaluation period may be reduced in accordance with this clause if it is determined that a performance failure warranting a reduction under this clause occurs within the evaluation period.
  - (ii) The amount of reduction under this clause, in combination with any reduction made under any other clause in the contract, shall not exceed the amount of fee, fixed fee, profit, or the contractor's share of cost savings that is otherwise earned during the evaluation period.
  - (iii) For the purposes of this clause, earned fee, fixed fee, profit, or share of cost savings for the evaluation period shall mean the amount determined by the contracting officer or fee determination official as otherwise payable based on the contractor's performance during the evaluation period. Where the contract provides for financial incentives that extend beyond a single evaluation period, this amount shall also include: any provisional amounts determined otherwise payable in the evaluation period; and, if provisional payments are not provided for, the allocable amount of any incentive determined otherwise payable at the conclusion of a subsequent evaluation period. The allocable amount shall be the total amount of the earned incentive divided by the number of evaluation periods over which it was earned.
  - (iv) The Government will effect the reduction as soon as practicable after the end of the evaluation period in which the performance failure occurs. If the Government is not aware of the failure, it will effect the reduction as soon as practical after becoming aware. For any portion of the reduction requiring an allocation the Government will effect the reduction at the end of the evaluation period in which it determines the total amount earned under the incentive. If at any time a reduction causes the sum of the payments the contractor has received for fee, fixed fee, profit, or share of cost savings to exceed the sum of fee, fixed fee, profit, or share of cost

savings the contractor has earned (provisionally or otherwise), the contractor shall immediately return the excess to the Government. (What the contractor "has earned" reflects any reduction made under this or any other clause of the contract.)

(v) At the end of the contract:

- (A) The Government will pay the contractor the amount by which the sum of fee, fixed fee, profit, or share of cost savings the contractor has earned exceeds the sum of the payments the contractor has received; or
- (B) The contractor shall return to the Government the amount by which the sum of the payments the contractor has received exceeds the sum of fee, fixed fee, profit, or share of cost savings the contractor has earned. (What the contractor "has earned" reflects any reduction made under this or any other clause of the contract.)

(c) Environment, Safety and Health (ES&H). Performance failures occur if the contractor does not comply with the contract's ES&H terms and conditions, including the DOE approved contractor ISMS. The degrees of performance failure under which reductions of earned or fixed fee, profit, or share of cost savings will be determined are:

(1) First Degree: Performance failures that are most adverse to ES&H. Failure to develop and obtain required DOE approval of an ISMS is considered first degree. The Government will perform necessary review of the ISMS in a timely manner and will not unreasonably withhold approval of the contractor's ISMS. The following performance failures or performance failures of similar import will be considered first degree.

(i) Type A accident (defined in DOE Order 225.1A).

(ii) Two Second Degree performance failures during an evaluation period.

(2) Second Degree: Performance failures that are significantly adverse to ES&H. They include failures to comply with an approved ISMS that result in an actual injury, exposure, or exceedence that occurred or nearly occurred but had minor practical long-term health consequences. They also include breakdowns of the Safety Management System. The following performance failures or performance failures of similar import will be considered second degree:

(i) Type B accident (defined in DOE Order 225.1A).

(ii) Non-compliance with an approved ISMS that results in a near miss of a Type A or B accident. A near miss is a situation in which an inappropriate action occurs, or a necessary action is omitted, but does not result in an adverse effect.

(iii) Failure to mitigate or notify DOE of an imminent danger situation after discovery, where such notification is a requirement of the contract.

- (3) Third Degree: Performance failures that reflect a lack of focus on improving ES&H. They include failures to comply with an approved ISMS that result in potential breakdown of the System. The following performance failures or performance failures of similar import will be considered third degree:
  - (i) Failure to implement effective corrective actions to address deficiencies/non-compliances documented through: external (e.g., Federal) oversight and/or reported per DOE Order 232.1A requirements; or internal oversight of DOE Order 440.1A requirements.
  - (ii) Multiple similar non-compliances identified by external (e.g., Federal) oversight that in aggregate indicate a significant programmatic breakdown.
  - (iii) Non-compliances that either have, or may have, significant negative impacts to the worker, the public, or the environment or that indicate a significant programmatic breakdown.
  - (iv) Failure to notify DOE upon discovery of events or conditions where notification is required by the terms and conditions of the contract.
- (d) Safeguarding Restricted Data and Other Classified Information. Performance failures occur if the contractor does not comply with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information. The degrees of performance failure under which reductions of fee, profit, or share of cost savings will be determined are as follows:
  - (1) First Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:
    - (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating a risk of, loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, any classification level of information in a Special Access Program (SAP), information identified as sensitive compartmented information (SCI), or high risk nuclear weapons-related data.
    - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.
    - (iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified

- as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.
- (iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.
- (2) Second Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered second degree:
- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Secret Restricted Data or other information classified as Secret.
  - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Secret Restricted Data, or other information classified as Secret.
  - (iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Restricted Data or other classified information regardless of classification (except for information covered by paragraph (d)(1)(iii) of this clause).
  - (iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Secret Restricted Data or other classified information classified as Secret.
- (3) Third Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security. In addition, this category includes performance failures that result from a lack of contractor management and/or employee attention to the proper safeguarding of Restricted Data and other classified information. These performance failures may be indicators of future, more severe performance failures and/or conditions, and if identified and corrected early would prevent serious incidents. The following are examples of performance failures or performance failures of similar import that will be considered third degree:
- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Confidential.

- (ii) Failure to promptly report alleged or suspected violations of laws, regulations, or directives pertaining to the safeguarding of Restricted Data or other classified information.
  - (iii) Failure to identify or timely execute corrective actions to mitigate or eliminate identified vulnerabilities and reduce residual risk relating to the protection of Restricted Data or other classified information in accordance with the contractor's Safeguards and Security Plan or other security plan, as applicable.
  - (iv) Contractor actions that result in performance failures which unto themselves pose minor risk, but when viewed in the aggregate indicate degradation in the integrity of the contractor's safeguards and security management system relating to the protection of Restricted Data and other classified information.
- (e) Minimum requirements for specified level of performance.
  - (1) At a minimum, the contractor must perform the following:
    - (i) The requirements with specific incentives which do not require the achievement of cost efficiencies in order to be performed at the level of performance set forth in the Statement of Work, Work Authorization Directive, or similar document unless an otherwise minimum level of performance has been established in the specific incentive;
    - (ii) All of the performance requirements directly related to requirements specifically incentivized which do not require the achievement of cost efficiencies in order to be performed at a level of performance such that the overall performance of these related requirements is at an acceptable level; and
    - (iii) All other requirements at a level of performance such that the total performance of the contract is not jeopardized.
  - (2) The evaluation of the Contractor's achievement of the level of performance shall be unilaterally determined by the Government. To the extent that the Contractor fails to achieve the minimum performance levels specified in the Statement of Work, Work Authorization Directive, or similar document, during the performance evaluation period, the DOE Operations/Field Office Manager, or designee, may reduce any otherwise earned fee, fixed fee, profit, or shared net savings for the performance evaluation period. Such reduction shall not result in the total of earned fee, fixed fee, profit, or shared net savings being less than 25% of the total available fee amount. Such 25% shall include base fee, if any.
- (f) Minimum requirements for cost performance.
  - (1) Requirements incentivized by other than cost incentives must be performed within their specified cost constraint and must not adversely impact the costs of performing unrelated activities.

- (2) The performance of requirements with a specific cost incentive must not adversely impact the costs of performing unrelated requirements.
- (3) The contractor's performance within the stipulated cost performance levels for the performance evaluation period shall be determined by the Government. To the extent the contractor fails to achieve the stipulated cost performance levels, the DOE Operations/Field Office Manager, or designee, may reduce in whole or in part any otherwise earned fee, fixed fee, profit, or shared net savings for the performance evaluation period. Such reduction shall not result in the total of earned fee, fixed fee, profit or shared net savings being less than 25% of the total available fee amount. Such 25% shall include base fee, if any.